



NEWS RELEASE

CALIFORNIA STATE TREASURER PHIL ANGELIDES

FOR IMMEDIATE RELEASE
August 30, 2005

CONTACT: Nick Papas
(916) 651-6088

STATE TREASURER ANGELIDES UNVEILS “CALIFORNIA DEBT CLOCK” IN BAKERSFIELD, WARNING AGAINST MORE BORROWING TO PAPER OVER DEFICITS

*California Version of National Debt Clock Tracks
\$25 Billion-Plus Deficit Borrowing, Ticking at a Pace of \$2.6 Million a Day*

BAKERSFIELD, CA – California State Treasurer Phil Angelides today unveiled the “California Debt Clock” in Bakersfield to highlight the impact of deficit borrowing on the next generation of Californians. Treasurer Angelides, who has opposed deficit borrowing proposed by Governor Davis and Governor Schwarzenegger, was joined today by California kids who will bear the brunt of the State’s borrowing binge.

“The California Debt Clock sends an important message about the devastating impact of deficit borrowing on our state,” said Angelides. “California’s unprecedented reliance on massive borrowing to paper over budget deficits has weakened our ability to make the critical investments in education and transportation that move California forward. As the debt clock keeps ticking, California’s kids are taking a licking.”

The Debt Clock displays a continually updated figure estimating the total amount of the State’s budget debt – the amount the State has borrowed to cover deficits – and a breakdown showing the share of State debt for a California family of four.

The Debt Clock reveals that California’s total budget debt stands at over \$25 billion – more than \$2,700 for every family of four. The current amount is 36 percent higher than when Governor Schwarzenegger took office with the promise to “cut up the credit card” and “never again spend more than we receive.”

Despite these pledges, the Governor’s recently signed budget for the current fiscal year has a deficit of nearly \$5 billion – spending \$1.06 for every dollar it takes in. The repayment on the State’s budget debt alone will cost \$4 billion next year – exceeding the State’s support for the entire University of California system.

The Debt Clock shows that the State’s budget debt is growing by more than \$2.6 million every day – enough money to build 86 elementary schools each year. And every hour the

debt grows by approximately \$110,000 – enough to pay the annual fees for 141 community college students in California.

Treasurer Angelides pointed out that California’s deficit borrowing in the financial markets now exceeds that of all other states combined. “The California Debt Clock must change direction so that California can change direction,” said Angelides.

The estimated total budget debt as of July 1, 2005 of more than \$25.2 billion is based on figures from the non-partisan Legislative Analyst’s Office (LAO) and the Public Finance Division of the State Treasurer’s Office. It includes approximately \$15.9 billion in deficit borrowing in the financial markets, \$3.8 billion borrowed from local communities and schools, and \$5.1 billion borrowed from transportation and other special funds, as well as accrued interest on the debt.

Bakersfield is the fourth stop on a statewide tour unveiling the Debt Clock. When not touring the state, the debt clock remains on display in the lobby of the historic Jesse M. Unruh State Office Building on the Capitol Mall in Sacramento, which houses the offices of the California State Treasurer.

#